

CALIFORNIA
COVID-19 PREMIUM REFUNDS, CREDITS
AND REDUCTIONS REPORT

BERKLEY NATIONAL INSURANCE COMPANY

Attachment to Explanatory Memorandum

[I] If your company writes in any lines of insurance specified in Bulletin 2020-3 and has determined no refunds are necessary, please explain and provide any relevant documents.

Responses for question #: 2a.

RESPONSE:

The Company writes commercial lines insurance in California focused on specialized markets and industries. Due to the varied nature of its insureds, the Company generally is taking a case-by case approach to addressing the effects of COVID-19 on measures of exposure. Several of the Company's programs will likely not be eligible for premium adjustment, including:

- The Company's agricultural programs will likely not be impacted as the Company's agriculture insureds have been deemed essential. In the commercial auto line, exposures are expected to increase.
- Certain human services accounts are rated primarily on premises' square footage, which would not be significantly affected by COVID-19.
- The Company's excess casualty business does not expect to experience a substantial reduction in risk exposure. The majority of accounts, such as public entities, utilities and large construction projects, are designated essential and have remained in operation. In other cases, temporary suspension of operations during the declared emergency period would not impact the severity exposure in excess of attachment points.
- The Company does not expect property coverages to be impacted, as property values have remained constant, and business that are non-operational can present increased hazards.
- The Company's life sciences liability insureds, including drug, medical device, and medical research and development companies, have not reduced operations due to COVID-19, but in many cases have increased activity. Therefore, the Company does not anticipate substantial reductions in measures of exposure.
- The Company's technology-focused programs will likely not be affected, as insureds have remained in operation and in many cases have increased activity.
- The Company's programs focused on financial institutions are not likely to experience a reduction in exposure as policyholders have continued operations and in many cases increased activity and exposure to risk.
- The Company's directors' and officers' and fiduciary liability programs focused on the healthcare industry are not expected to be impacted, as policyholders are designated essential, operations have continued, and liability exposure is expected to increase.

- Certain entertainment-related programs are written on a minimum premium basis and are therefore not eligible for relief.

[II] If your company writes in one of the lines specified in Bulletin 2020-3 and has issued refunds for your policyholders, please explain all actions taken to date to refund premium in response to or consistent with this Bulletin.

Please include California-specific information and an explanation and justification for the amount, effective date, and duration of any premium refund, and how those measures reflect the actual or expected reduction of exposure to loss.

Please provide any relevant documents.

Responses for question #: 2b, 4, and 5.

RESPONSE:

The Company's commercial liability business in California varies significantly by industry focus, as well as in potential impact of COVID-19 on specific classes of insureds. The Company is taking a case-by-case approach to assessment of any reductions in exposure and risk of loss. In one case, noted below, the Company is applying a uniform reduction. The following describes actions taken and/or contemplated in response to COVID-19, as appropriate and consistent with policy language:

- Issuing communications to policyholders and/or their insurance representatives advising that they may contact the Company to discuss any available premium adjustments arising from changes to their operations and the related measures of exposure and risk of loss, as appropriate and consistent with the terms of the relevant insurance policy.
- In appropriate cases, processing mid-term endorsements and audits to account for reduced exposure, with associated refunds or premium credits. Examples include:
 - Certain human services accounts with premises liability exposure are rated on attendees and revenue. To the extent services have not transitioned to on-line formats, the Company intends to reduce exposure by 91 days (approximately 25%) on a pro rata basis representing March, April and May 2020.
 - Accounts in the entertainment space will be reviewed on a case-by-case basis to the extent premium exceeds the applicable minimum.

With regard to commercial automobile coverages, the following describes actions taken and/or contemplated in response to COVID-19, as appropriate and consistent with policy language:

- Issuing communications to policyholders and/or their insurance representatives, as appropriate, advising that they may contact the Company to discuss any available premium adjustments arising from changes to their operations and the related measures of exposure and risk of loss, as appropriate and consistent with the terms of the relevant insurance policy.
- Making exposure adjustments which may include, but are not limited to:
 - "Lay-up" or suspension of coverage for specified vehicles pursuant to endorsements, with associated premium reduction.

- For policies written under monthly reporting plans, automatic premium adjustments are recorded monthly to reflect any changes in exposures. In some cases, these are subject to contractual minimum premium requirements.

The Company's workers' compensation business varies in terms of insured employers' size, business, risk profile and numerous other factors. The primary measure of exposure is employee payroll. The Company is utilizing a case-by-case approach to address reduced operations and classification changes resulting from COVID-19. Actions taken and/or contemplated include the following:

- Issuing notices to policyholders and/or their insurance representatives, as appropriate, advising that they should work with their insurance representatives or contact the Company directly to report reductions in exposure or classification changes.
- Processing requests for mid-term endorsements for decreased payroll, change in work location, and change in type of work performed. Policies on annual payment or installment plans may receive indicated credits or refunds, as appropriate.
- Processing automatic adjustments for changes to insured exposure for business on monthly reporting plans.
- Processing policyholder's requests for changes to payment plans, as appropriate.